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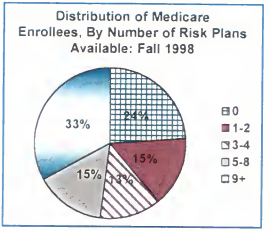
Beneficiaries' Awareness of HMOs, 1998

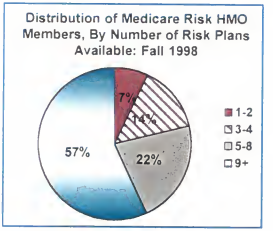
The MCBS data for 1998 show there was a wide variation in the number of Medicare risk plans in different areas. This variation was closely associated with differences in beneficiary awareness of Medicare HMOs, the percent of Medicare risk plan members in the area and the percent of risk plan members who wanted more HMO choices. Note: This data was collected prior to the National Education Campaign of 1999, but after the five state pilot test of 1998.

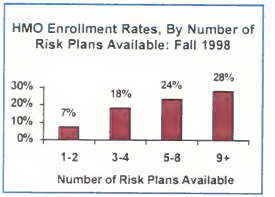
There was wide variation in the availability of Medicare risk HMO plans in 1998, which greatly affected the choices Medicare beneficiaries had regarding Medicare risk HMO membership. Almost a third of beneficiaries lived in areas where they could choose among nine or more Medicare risk plans. On the other hand, nearly one-quarter of Medicare beneficiaries did not have the option of joining a Medicare risk HMO.

As might be expected, the vast majority of the six million Medicare risk plan members lived in the areas that had the highest concentrations of Medicare HMOs. Over 90 percent of current risk HMO enrollees had three or more risk plans to choose from. This means that even with the withdrawal of some risk plans from specific market areas, the vast majority of risk HMO members would continue to have risk plans available.

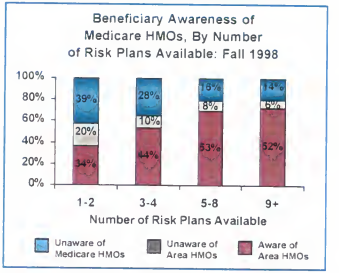
The percentage of beneficiaries who chose risk plan membership (the HMO enrollment rate) was significantly higher in areas having more risk plans available. About seven percent of the 5.6 million beneficiaries in areas with one or two risk plans were in Medicare HMOs as compared to 28 percent of the 12.2 million beneficiaries in areas with nine or more risk plans.



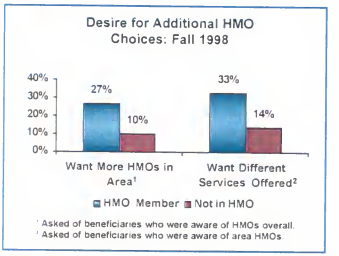




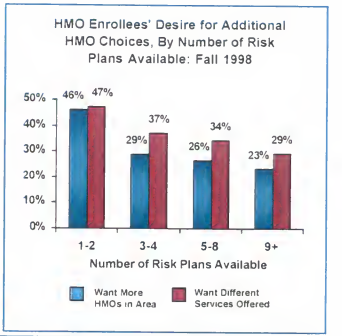
In addition to having a higher percentage of risk plan members, areas with more Medicare risk plans had a higher percentage of beneficiaries who had heard of HMOs that Medicare beneficiaries could join and who were aware of such plans in their area. Sixty-three percent of beneficiaries in areas without Medicare risk plans were unaware of HMOs, while only 14 percent of beneficiaries in areas with nine or more risk plans were unaware of Medicare HMOs.



Of beneficiaries who were aware of the Medicare HMO option, those who were enrolled were more likely to want more HMOs in their area and different HMO services. Twenty-seven percent of HMO enrollees wanted more HMOs in their area and one-third of HMO enrollees wanted different services offered. By contrast, the number of HMO risk plans and variety of service packages did not appear important to those beneficiaries still enrolled in Medicare fee-for-service.



The proportion of risk plan members wanting additional HMO choices declined as the number of risk plans available increased. Almost 50 percent of risk plan members who lived in areas with one or two available plans would have preferred to have HMOs in their area that offered different services or features than those currently available. By contrast, 29 percent of HMO enrollees with nine or more available risk plans would have preferred HMOs in their area that offered different services than those currently available.



This issue of MCBS Profiles By: Meredith Aber and Frank Eppig.

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